APPENDIX G: Ortho's Brief on Appeal In the Court Below (Excerpts)

STATEMENT OF THE CASE

A. INTRODUCTION

This is an appeal from a district court judgment dismissing a patent infringement case at the pleading stage for lack of standing. That decision has now been officially reported, sub. nom. Amgen, Inc. v. Chugai Pharmaceutical Co., Ltd., at 808 F. Supp. 894 (D. Mass. 1992).

The plaintiff-appellant, Ortho Pharmaceutical Corp. ("Ortho"), has an exclusive license to use in the U.S. the inventions claimed in U.S. Patent No. 4,703,008, i.e., certain products of recombinant DNA technology, to make a naturally occurring hormone which controls the production of red blood cells, erythopoietin ("EPO"), for use and sale outside the U.S. (A 628-29, A 144-45).

This Court has already ruled that the defendant-appellee Genetics Institute, Inc. ("Genetics") has infringed the '008 patent. Amgen, Inc. v. Chugai Pharmaceutical Co., 927 F.2d 1200, 18 USPQ 2d 1016 (Fed. Cir.), cert. denied, ___ U.S. ___, 112 S. Ct. 169 (1991). Moreover, Genetics has admitted that its infringement occurred in Ortho's exclusive licensed field. (A 194).

Under settled law, Ortho has standing as the holder of an exclusive license to sue for infringement in its exclusive licensed field. However, the district court injected irrelevant issues into the standing inquiry -- and then made them the basis for denying Ortho standing.

In analyzing standing, the district court focused on the

field-of-use restriction in Ortho's license which permits Ortho to use the patented inventions in the U.S. for the limited purpose of making EPO for use and sale outside of the U.S., and held (incorrectly) that this restriction exceeded the scope of the patent. (Op. at 24). The court then adopted an over-simplified and incorrect rule: that a license which exceeds the scope of the patent is "not exclusive under patent law as against third party infringers." (Id.) Based on these findings, the district court concluded "as a matter of law" that Ortho does not have standing as an exclusive licensee to sue for infringement in its licensed field. (Id.) As the district court conceded, no other case has ever applied this approach in evaluating standing.

This decision is not only unprecedented -- it is wrong as a matter of law.

Contrary to the district court's holding, exclusive field-of-use licenses such as Ortho's do not "exceed the scope of the patent." What is more, licenses that do exceed the scope of the patent are enforceable against third party infringers unless there is proof that the license unreasonably restrains competition in a relevant market. This record contains no such proof.

Even more basically, the issues that the district court focused on are not the test for determining standing. Ortho's standing is measured by the exclusivity of its license -- not by whether provisions in its license agreement "exceed the scope of the patent."

Thus, the dismissal of Ortho's complaint for lack of standing was legal error, and it should be reversed.

B. THE FACTS RELEVANT TO ORTHO'S STANDING

1. The '008 Patent

The patent in suit, U.S. Patent No. 4,703,008, issued to Dr. Fu-Kuen Lin on October 27, 1987. Dr. Lin assigned his patent rights to his employer, Amgen, Inc. ("Amgen").

The claims in the '008 patent cover a purified and isolated DNA sequence encoding human erythropoietin ("EPO") and host cells transformed or transfected with a DNA sequence in a manner allowing the host cells to express EPO. Amgen, 927 F.2d at 1206-07, 18 USPQ 2d at 1021; Amgen, Inc. v. U.S. Int'l Trade Comm'n, 902 F.2d 1532, 1533-34, 14 USPQ 2d 1734, 1736 (Fed. Cir. 1990).

EPO is a hormone that is naturally produced and present in humans and other animals. It controls the synthesis of red blood cells in bone marrow. It is useful in treating patients suffering from anemia. The claims in the '008 patent cover products, i.e., DNA sequences and transfected host cells, that are useful in making recombinant EPO. They do not cover EPO itself. Amgen v. U.S. Int'l Trade Comm'n, 902 F.2d at 1533-34, 14 USPQ 2d at 1736.

2. Ortho's Rights Under the '008 Patent

Ortho's rights under the '008 patent derive from a Technology License Agreement and a Product License Agreement (collectively, the "License Agreements") that Ortho entered into on September 30, 1985 with defendant Amgen. (A 618 et. seq. and A 134 et. seq.). When the License Agreements were signed, the application for the '008 patent was still pending.

The basis for Ortho's standing is an "exclusive license" under ¶ 2.01(b) of the License Agreements to use the '008 inventions in the U.S. to make EPO for use and sale outside the U.S. As the district court found:

> [S]ection 2.01 of the Amgen-Ortho PLA [Product License Agreement] . . . grants Ortho "an exclusive license" to use the inventions claimed in the '008 patent for the manufacture of EPO in one location in the U.S. . . . for use and sale outside the U.S. (excluding China and Japan).

(Op. at 18).

The terms of both License Agreements are identical in pertinent part. Section 2.01 of each License Agreement states as follows:

> ARTICLE 2
>
> LICENSE
>
> 2.01 GRANT
>
> (b) AMGEN . . . hereby grants to ORTHO . . . an exclusive license, except as against AMGEN's rights under this AGREEMENT in the LICENSED TERRITORY [defined in ¶ 1.14 as the United States, its territories and possessions], to make EPO in one location in the United States for use and sale outside the LICENSED TERRITORY but not including China and Japan.

(A 628-29, A 144-45) (emphasis added). The district court correctly recognized that this provision not only licenses Ortho to use the patented inventions in the U.S. to make EPO for sale abroad, but also that it "clearly . . . precludes Amgen from licensing to any third parties the right to manufacture EPO in the U.S. under the '008 patent for sale abroad." (Op. at 18).

The only relevant difference between the two License Agreements relates to the time period when each Agreement is in effect. Pursuant to its express terms, the Technology License Agreement became effective on September 30, 1985, and remained in effect until regulatory authorities in a "major country" approved recombinant EPO for human use. When regulatory authorities in France granted such approval in August 1988, the Product License Agreement then came into effect. (A 693; A 137, 172).

3. Genetics' Infringement of the '008 Patent is Within the Scope of Ortho's Exclusive License

Following this Court's ruling in Amgen, 927 F.2d 1200, 18 USPQ 2d 1016, that Genetics infringed claims 2, 4 and 6 of the '008 patent by using the patented inventions in the United States, Genetics admitted that its acts of infringement consisted of using the '008 inventions in the United States to make EPO for sale to its European licensee, Boehringer-Mannheim G.m.b.H. ("Boehringer"), for distribution by Boehringer in Europe. (A 194). Genetics also admitted that Boehringer paid it $34,100,000 for the EPO that Genetics produced in the United States by its infringing acts. (Id.)

C. PRIOR PROCEEDINGS IN THIS CASE AND IN THE RELATED ACTION BY AMGEN AGAINST GENETICS

1. Ortho's Complaint In This Action

Ortho commenced this action against Genetics in August 1991 to recover damages that Ortho suffered as a result of Genetics' adjudicated infringement of the '008 patent. Ortho alleged in its complaint, among other things, that the License Agreements gave it an exclusive license to use the '008 inventions to make EPO in one location in the U.S. for sale outside the U.S. and that Genetics had infringed the '008 patent by using the patented inventions in the U.S. in Ortho's exclusive licensed field. (A 78).

Eleven European affiliates of Ortho were also named as plaintiffs in the Ortho action. These entities hold non-exclusive licenses from Ortho to distribute EPO that is made using the '008 inventions in various European countries.

On October 15, 1991, Ortho amended its complaint as of right under Rule 15(a), Fed.R.Civ.P., to name Amgen as a defendant as required by Independent Wireless Telegraph Co. v. Radio Corp. of America, 269 U.S. 459 (1926). (A 222). Ortho also moved at that time for an order realigning Amgen as a plaintiff. (A 750). That motion was denied on November 14, 1991. (A 232).

2. The Prior Adjudication That GI Infringed The '008 Patent

Immediately after Ortho filed this action, the district court consolidated this case upon Ortho's motion with another suit pending in the same court, Amgen, Inc. v. Chugai

Pharmaceutical Co., Ltd. and Genetics Institute, Inc., Civil Action No. 87-2617-Y (the "Amgen action").

The Amgen action also charged Genetics with infringing the '008 patent, and this Court held in Amgen that claims 2, 4 and 6 of the '008 patent were not invalid, were enforceable and were infringed by Genetics. Amgen, 927 F.2d 1200, 18 USPQ 2d 1016.

3. Ortho's Motion To Intervene in the Amgen Action

In March 1989, more than two years before it commenced this action, Ortho had moved to intervene in the Amgen action under Rule 24, Fed.R.Civ.P. (A 234 et seq.). In response to that motion, neither Amgen nor Genetics disputed Ortho's standing to sue Genetics for infringement of the '008 patent. Amgen, however, argued that intervention could delay a trial on liability and that it (Amgen) could adequately represent Ortho's interests in the liability phase. The district court accepted those arguments, and in May 1989 it denied Ortho's motion to intervene. (A 241). See Op. at 7, n.6.

Ortho commenced this action shortly after this Court issued its decision in Amgen, bringing the liability phase of that case to a conclusion.

4. Defendants' Motion For Summary Judgment Dismissing Ortho's Complaint

Instead of answering Ortho's complaint in this action, Genetics and Amgen moved at the outset for summary judgment dismissing the complaint for lack of standing. Genetics (and Amgen) argued that Ortho's rights in the U.S. under the '008 patent were "limited" and thus "fall . . . short of the

'exclusivity' required to confer 'co-plaintiff' standing." (A 395). Genetics (and Amgen) also argued that paragraph 8.02 of the License Agreements allocated the right to sue infringers exclusively to Amgen. Genetics (but not Amgen) argued that the district court lacked subject matter jurisdiction because some of Ortho's alleged lost profits relate to sales abroad. Finally, Genetics also argued that prior pending actions in California and Germany required dismissal of Ortho's claims.

D. THE DISTRICT COURT'S DECISION DENYING ORTHO STANDING

On December 3, 1992 the district court issued a Memorandum and Order dismissing Ortho's Amended Complaint for lack of standing.

After summarizing the facts, the district court outlined the applicable standards for determining whether a licensee has standing to sue for patent infringement. The district court stated that a "mere nonexclusive licensee" lacks standing to sue for infringement. (Op. at 12). The court recognized, however, that the rule is different for "exclusive licensees":

> "An exclusive licensee generally has standing to sue for infringement against anyone operating without the stated authority in the stated area of exclusivity."

(Op. at 11). The district court also stated that:

> an exclusive license can be created by a grant of exclusivity based solely upon geographic, time, or field-of-use limitations.

(Op. at 13). In addition, the district court stated:

> [I]t should be stressed that the test for exclusivity is not whether the license is exclusive as against the licensor, but rather whether the licensor has promised explicitly or implicitly not to grant additional licenses to third parties.
>
> * * *
>
> Thus, if the terms of the [License Agreements] preclude Amgen from granting further licenses under the patent within the stated area given to Ortho, then Ortho is an "exclusive licensee" with the legal capacity to sue for patent infringement within the stated area.

(Op. at 13, 15) (emphasis in original).

In applying these basic principles, the district court recognized that:

> [S]ection 2.01 of the Amgen-Ortho PLA [Product License Agreement] . . . grants Ortho "an exclusive license" to use the inventions claimed in the '008 patent for the manufacture of EPO in one location in the U.S. for . . . use and sale outside the U.S. (excluding China and Japan).

(Op. at 18). Moreover, in applying the established "test for exclusivity" (Op. at 13), the court recognized that the License Agreements preclude Amgen from granting any additional licenses to third parties in this licensed field. Thus, the court held that (id.):

> [C]learly, this provision [¶2.01(b)] precludes

> Amgen from licensing to any third parties the right to manufacture EPO in the U.S. under the '008 patent for sale abroad.

Coupled with the district court's finding that Genetics has used the '008 inventions in the U.S. to make EPO for sale abroad (Op. at 6), these findings compel one conclusion: that Ortho has standing to sue for acts of infringement in Ortho's exclusive field-of-use. This should have ended the inquiry.

However, the district court did not stop there. Instead, in analyzing standing, it went on to address the following issue (Op. at 22):

> whether the field-of-use restriction in the license Amgen granted to Ortho [which gives Ortho the right to use the '008 inventions in the U.S. to make EPO for use and sale outside the U.S.] exceeds the scope of the '008 patent.

Apparently, the district court considered this issue pertinent to standing on the oversimplified and incorrect theory that a "field-of-use limitation . . . [that] exceeds the scope of the patent . . . is not enforceable under patent law." (Op. at 21).

The district court never explained where this "patent law" is or what it is. It acknowledged that Genetics and Amgen "fail[ed] to offer any case law" suggesting that Ortho's field-of-use restriction exceeds the scope of the patent. (Op. at 20). The court also stated that Genetics and Amgen "do not cite, and this Court has not found, any case" suggesting that standing should depend on whether a field-of-use restriction "exceeds the scope of the patent." (Op. at 21).

In analyzing whether Ortho's license "exceeds the scope

of the patent," the district court applied a rigid, formalistic approach. It analogized the patented invention (i.e., the DNA sequences and transfected host cells) to "'machines' or 'starting materials' used for manufacturing EPO." (Op. at 22). It ignored the point that patented processes or materials are often used, particularly in the field of bio-technology, to produce non-patented products, and proceeded to adopt a per se rule that "a license to use a patented machine to make a certain unpatented product for sale abroad . . . exceeds the scope of the patent on the machine." (Op. at 23).

This holding overrules sub silentio a long line of cases which establish that similar field-of-use licenses do not exceed the scope of a patent. It is also in irreconcilable conflict with Mallinckrodt, Inc. v. Medipart, Inc., 976 F.2d 700, 24 USPQ 2d 1173 (Fed. Cir. 1992), which holds that per se rules cannot be used in determining whether license restrictions will render a plaintiff's patent rights unenforceable. Under Mallinckrodt, there must be proof of anticompetitive effects and unreasonableness before a license can be found unenforceable. Id., 976 F.2d at 706, 24 USPQ 2d at 1178.

Ignoring these cases, the district court concluded (incorrectly) that the field-of-use limitation in Ortho's license -- which "restricts Ortho's use of the patented DNA sequences and host cells to the making of EPO for sale abroad" (Op. at 23) -- "exceeds the scope of the '008 patent." (Op. at 24). After making this incorrect finding, the district court then made an inexplicable leap: It denied Ortho standing on this basis.

The court summarized its reasoning in a flawed syllogism. It held (incorrectly) that a field-of-use license to use a patented invention in the U.S. to make an unpatented product for sale abroad "exceeds the scope of the patent" (Op. at 24); that a license which exceeds the scope of the patent is "not

exclusive under patent law as against third party infringers" (id.); and that "as a matter of law" the holder of such a license accordingly "lacks standing as an exclusive licensee" to sue for infringement. (Id.) The court summarized its holding as follows (id.):

> [T]his Court holds that a field-of-use license which grants an exclusive license to use the inventions claimed under the '008 patent (the DNA sequences and transfected host cells) in the U.S. to make an unpatented product (EPO) for sale abroad exceeds the scope of the '008 patent. Thus, the exclusive license Ortho asserts, that is, to use the patented products to manufacture EPO in the U.S. for export, is . . . not exclusive under patent law as against third party infringers. Hence, as a matter of law, Ortho lacks standing as an exclusive licensee to sue Genetics for infringing the '008 patent.

This syllogism is wrong at every step. Rather than exceeding the scope of the patent, exclusive licenses such as Ortho's are within the scope of the patent grant. But even licenses that exceed the scope of the patent grant are enforceable against third-party infringers absent proof that they unreasonably restrain competition in a relevant market. Even if there were such proof -- and there is none here -- it would not bear upon the exclusivity of Ortho's license or on Ortho's standing to sue.

The district court's decision is unprecedented as well as illogical. The court below acknowledged that "[t]he parties do not cite, and this Court has not found, any case" in which an exclusive licensee was denied standing because restrictions in its license exceed the scope of the patent. (Op. at 21). The

decision below is the first -- and only -- decision adopting this theory.

SUMMARY OF ARGUMENT

The district court denied Ortho standing on the erroneous grounds that a field-of-use restriction in Ortho's license supposedly "exceeds the scope of the patent." According to the district court, a field-of-use license to use a patented invention in the U.S. to make an unpatented product for sale outside the U.S. "exceeds the scope of the patent" and, "as a matter of law," the holder of such a license lacks standing to sue for infringement in its licensed field.

Under settled law, however, the holder of an exclusive license to use a patented invention in a particular field-of-use has standing to sue third parties who commit acts of infringement in the licensed field. As the holder of an exclusive license to use the patented inventions in the U.S. to make EPO for sale outside the U.S., Ortho unquestionably meets this test. (Point I).

Moreover, the use restrictions in Ortho's license do not provide a basis for denying Ortho standing. Those restrictions are reasonably within the scope of the patent grant -- but even if they exceeded it, that would not make Ortho's rights unenforceable in the absence of proof that the license unreasonably restrains competition in a relevant market. There is no evidence in this record that could support such a conclusion. (Point II).

Even more basically, the entire issue of whether the license restriction "exceeds the scope of the patent" does not have any bearing on Ortho's standing. It is not the measure of whether Ortho's license is "exclusive" or whether Ortho has

standing to sue. (Point III).

In addition, Ortho's standing is confirmed by sections of the License Agreement that discuss infringement actions against third parties. (Point IV).

Finally, the district court had subject matter jurisdiction over Ortho's infringement claim (Point V), and lawsuits pending in California and in Germany do not provide a basis for dismissal of this action. (Point VI).

POINT I

ORTHO HAS STANDING TO SUE FOR INFRINGEMENT IN THE LIMITED AREA OF ITS EXCLUSIVE USE LICENSE

The district court recognized the established principles that govern licensee standing -- but then failed to apply them.

A. The Applicable Legal Standards

It is basic law that the holder of an exclusive license has standing to sue for infringement in its exclusive licensed field. See Independent Wireless Telegraph Co. v. Radio Corp. of America, 269 U.S. 459, 467-68 (1926). As the district court recognized:

> "An exclusive licensee generally has standing to sue for infringement against anyone operating without authority in the stated area of exclusivity." 6 Chisum, Patents, § 21.03[2][c] at 21-157 (1991).

(Op. at 11). Numerous cases recognize the standing of an

exclusive licensee to sue for infringement.[1]

The rationale for conferring standing on exclusive licensees was explained in Philadelphia Brief Case Co. v. Specialty Leather Products Co., 145 F. Supp. 425, 428, 111 USPQ 180, 182 (D.N.J. 1956), aff'd, 242 F.2d 511 (3d Cir. 1957):

> [S]ince the creation of such rights in the so-called exclusive licensee, impliedly, if not

---

[1] See, e.g., Kalman v. Berlyn Corp., 914 F.2d 1473, 1481-82, 16 USPQ 2d 1093, 1099 (Fed. Cir. 1990); Weinar v. Rollform, Inc., 744 F.2d 797, 807, 223 USPQ 369, 374 (Fed. Cir. 1984), cert. denied, 470 U.S. 1084 (1985); Solarex Corp. v. Arco Solar, Inc., 805 F. Supp. 252, 257 (D. Del. 1992) ("An exclusive licensee ... has standing to sue for infringement against those operating within the scope of exclusivity without authority."); Calgon Corp. v. Nalco Chemical Co., 726 F. Supp. 983, 986, 13 USPQ 2d 1529, 1531 (D. Del. 1989); Dreamlite Holdings, Ltd. v. Kraser, 705 F. Supp. 98, 101, 9 USPQ 2d 1401, 1403 (E.D.N.Y. 1988), aff'd, 878 F.2d 1446 (Fed. Cir. 1989); Darda, Inc. USA v. Majorette Toys (U.S.) Inc., 627 F. Supp. 1121, 229 USPQ 103 (S.D. Fla. 1986), aff'd in part and rev'd in part on other grounds, 824 F.2d 976 (Fed. Cir. 1987); Sanofi, S.A. v. Med-Tech Veterinarian Products, Inc., 565 F. Supp. 931, 220 USPQ 416 (D.N.J. 1983); Brunswick Corp. v. United States, 22 Cl. Ct. 278, 19 USPQ 2d 1702 (Ct. Cl. 1991); Pratt & Whitney Co. v. United States, 153 F. Supp. 409, 114 USPQ 246 (Ct. Cl. 1957).

> expressly, prevents the proprietary owner of the patent from creating further rights therein in unknown third parties, this so-called exclusive licensee, while only a licensee, comes so close to having truly proprietary interests in the patent, that the courts have held that he is equitably entitled to sue on the patent . . . .

To be "exclusive" for standing purposes, a license need not cover all of the rights conferred by the patent. As the district court itself recognized, "an exclusive license can be created by a grant of exclusivity based solely upon geographic, time, or field-of-use limitations." (Op. at 13). Thus, standing has been sustained where the relevant license covers only the right to sell, e.g., Weinar v. Rollform, Inc., 744 F.2d at 807, 223 USPQ at 374; or a limited geographic territory, e.g., Green v. Le Clair, 24 F.2d 74 (7th Cir. 1928); or a limited field-of-use, e.g., Sanofi, S.A. v. Med-Tech Veterinarian Products, Inc., 222 USPQ 143 (D. Kan. 1983) (veterinary field only), Pratt & Whitney Co. v. United States, 153 F. Supp. 409, 114 USPQ 246 (use with engines in aircraft and guided missiles only); or the right to sell only to a particular customer, Brunswick Corp. v. United States, 22 Cl. Ct. 278, 19 USPQ 2d 1702 (sale to U.S. government only). In Independent Wireless, 269 U.S. 459, an exclusive license to use the patented invention only for commercial radio purposes conferred standing.

It is also not necessary for standing that the license be exclusive as against the patent owner. As the district court "stressed," the "test for exclusivity is . . . whether the licensor has promised explicitly or implicitly not to grant additional licenses to third parties." (Op. at 13). See, Western Electric Co. v. Pacent Reproducer Corp., 42 F.2d 116, 120 (2d Cir.), cert. denied, 282 U.S. 873 (1930); Research Frontiers, Inc. v. Marks Polarized Corp., 290 F. Supp. 725, 727, 160 USPQ

574, 575 (E.D.N.Y. 1968); Wing Engineering Corp. v. United States, 151 F. Supp. 314, 315, 113 USPQ 343 (Ct. Cl. 1957).

B. Ortho Has an Exclusive License In a Limited Field-of-Use

Ortho has standing as an exclusive licensee under the settled principles summarized above.

As the district court recognized, the License Agreements grant Ortho "'an exclusive license' to use the inventions claimed in the '008 patent for the manufacture of EPO in one location in the U.S. . . . for use and sale outside the U.S. (excluding China and Japan)." (Op. at 18). (See A 628-29; A 144-45). The district court also recognized that the License Agreements "clearly" preclude Amgen from granting additional licenses in Ortho's exclusive licensed field. (Op. at 18).

As the holder of an exclusive license in a limited field-of-use, Ortho plainly has standing to sue for acts of infringement in its exclusive licensed field. Independent Wireless Telegraph Co. v. Radio Corp. of America, 269 U.S. at 467-68.

C. Genetics' Infringement Took Place in Ortho's Exclusive Licensed Field

It already has been adjudicated that Genetics infringed the '008 patent. Amgen, 927 F.2d 1200, 18 USPQ 2d 1016. What is more, Genetics' infringing acts took place in Ortho's exclusive licensed field. (A 194).

Genetics admits that its infringing acts consisted of using the '008 inventions in the United States to make EPO for

sale abroad by its European licensee, Boehringer. (A 194). The district court found that Boehringer has paid Genetics $34,100,000 for the EPO that Genetics produced by its acts of infringement. (Op. at 6).

By its acts of infringement, Genetics appropriated a right that Amgen had licensed exclusively to Ortho, i.e., the right to use the patented inventions in the U.S. to make EPO for sale outside the U.S. (A 628-29, A 144-45). Ortho has standing as an exclusive licensee to sue Genetics for its infringement in Ortho's licensed field.

POINT IV

PARAGRAPH 8.02 OF THE LICENSE AGREEMENTS CONFIRMS ORTHO'S RIGHT TO SUE FOR INFRINGEMENT IN ITS LIMITED FIELD-OF-USE

Paragraph 8.02 of the License Agreements confirms Ortho's standing to sue for infringement in its licensed field. That paragraph recognizes Ortho's rights to sue third-party infringers and "to join AMGEN" in an infringement action. (A 651, A 171). It also requires Amgen to "execute all papers and to perform such other acts as may be reasonably required" to assist Ortho in that endeavor. (Id.)

Ortho tried to exercise its contractual rights under paragraph 8.02 in March 1989, when it moved to intervene in the Amgen action. (A 234). However, Amgen opposed Ortho's motion to intervene. (A 409). Significantly, in opposing Ortho's motion to intervene, neither Amgen nor Genetics argued that Ortho lacked standing to sue for infringement. Instead, Amgen argued that it could adequately repre-

sent Ortho's interests in the liability phase. (A 415-16).

When Amgen opposed Ortho's motion to intervene, it breached its contractual obligation under paragraph 8.02 to assist Ortho in its efforts to join Amgen in an infringement action. Having previously breached its obligation to cooperate in Ortho's efforts to intervene in the Amgen case, Amgen cannot claim that Ortho now lacks standing to bring its own suit naming Amgen as an involuntary party.

In the court below, Amgen and Genetics cited a clause in paragraph 8.02 which recognizes that Amgen has the "right, but not the obligation, to bring, defend and maintain any appropriate suit or action." (A 651, A 171). They argued that this clause should be read as a matter of law to preclude Ortho from suing.

The district court expressly declined to reach this argument (Op. at 25, n.16 [sic]), and it has no merit. While paragraph 8.02 reserves Amgen's right to sue for infringement, it does not make that right Amgen's alone.

Brunswick Corp. v. United States, 22 Cl. Ct. 278, 19 USPQ 2d 1702 (Ct. Cl. 1991), is on point here. Under the license agreement in Brunswick, the licensor "retain[ed] its right to bring suit for infringement . . . and to recover damages therefor . . ." Id., 22 Cl. Ct. at 280, 19 USPQ 2d at 1705. In moving to dismiss an action brought by an exclusive licensee, the defendant argued that the agreement entitled only the licensor to sue for damages. The Court of Claims disagreed. It held that the "critical point" was that the licensor "merely retained its right to sue . . . and [that] the Agreement does not preclude [the exclusive licensee] from bringing suit." Id., 22 Cl. Ct. at 282, 19 USPQ 2d at 1705 (emphasis in original). This holding is applicable here.

CONCLUSION

For the reasons set forth above, this Court should reverse the Judgment dismissing Ortho's complaint for lack of standing.

Dated: March 23, 1993

Respectfully submitted,

PATTERSON, BELKNAP, WEBB & TYLER

By:_____

David F. Dobbins
Eugene M. Gelernter
30 Rockefeller Plaza
New York, New York 10112
(212) 698-2500

Attorneys for Plaintiff-Appellant
Ortho Pharmaceutical Corp.